

**Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana**

Financial Statements

As of and for the Year Ended June 30, 2013

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana

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Independent Auditors' Report

To the Board of Directors
Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana

We have audited the accompanying financial statements of Northwest Louisiana Interfaith Pharmacy, Inc., (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

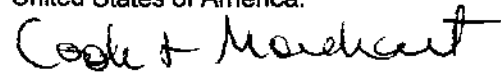
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Louisiana Interfaith Pharmacy, Inc., as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Cook & Morehart
Certified Public Accountants
January 3, 2014

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Statement of Financial Position
June 30, 2013

Assets

Current assets:

Cash and cash equivalents	\$ 159,399
Inventory	939,283
Prepaid insurance	9,439
Unconditional promises to give	27,874
Total current assets	<u>1,135,995</u>

Noncurrent assets:

Cash restricted for equipment and leasehold improvements	15,245
Property and equipment, net	23,173
Total noncurrent assets	<u>38,418</u>

Total Assets	<u><u>\$ 1,174,413</u></u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 3,598
Accrued expenses	5,339
Total current liabilities	<u>8,937</u>

Net assets:

Unrestricted:	
Operating	1,077,582
Fixed assets	23,173
Temporarily restricted	64,721
Total net assets	<u>1,165,476</u>

Total Liabilities and Net Assets	<u><u>\$ 1,174,413</u></u>
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The accompanying notes are an integral part of the financial statements.

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Government contracts - revenue			
Caddo Parish Commission	\$ 4,606	\$ 5,394	\$ 10,000
Contributions	1,844,272	12,306	1,856,578
Interest income	13		13
Net assets released from restriction:			
Satisfaction of restrictions	56,255	(56,255)	
Total revenues and other support	<u>1,905,146</u>	<u>(38,555)</u>	<u>1,866,591</u>
Expenses:			
Support services:			
General and administrative	61,136		61,136
Fundraising	360		360
Program services:			
Client services	36,450		36,450
Free pharmacy	1,919,749		1,919,749
Healthy Living Education	485		485
Total expenses	<u>2,018,180</u>		<u>2,018,180</u>
Change in net assets	(113,034)	(38,555)	(151,589)
Net assets as of beginning of year	<u>1,213,789</u>	<u>103,276</u>	<u>1,317,065</u>
Net assets as of end of year	<u>\$ 1,100,755</u>	<u>\$ 64,721</u>	<u>\$ 1,165,476</u>

The accompanying notes are an integral part of the financial statements.

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2013

	Support Services			Program Services				Total Expenses
	Administrative and General	Fund Raising	Total	Client Services	Free Pharmacy	Healthy Living Education	Total	
Personnel	\$ 2,781	\$	\$ 2,781	\$ 17,342	\$ 53,967	\$	\$ 71,309	\$ 74,090
Fringe benefits	1,069		1,069	5,209	6,848		12,057	13,126
Professional fees - pharmacist					31,131		31,131	31,131
Accounting and auditing					2,400		2,400	2,400
Repairs and maintenance	1,141		1,141					1,141
Supplies	180	360	540	4,934	3,395	485	8,814	9,354
Pharmaceuticals					1,815,049		1,815,049	1,815,049
Telephone and utilities	536		536	5,876	2,196		8,072	8,608
Dues and subscriptions	175		175		1,650		1,650	1,825
Insurance	1,984		1,984	861	2,009		2,870	4,854
Printing and reproduction	135		135	910			910	1,045
Rent	47,784		47,784					47,784
Other	12		12	1,318	1,104		2,422	2,434
Depreciation	5,339		5,339					5,339
Total expenses	\$ 61,136	\$ 360	\$ 61,496	\$ 36,450	\$ 1,919,749	\$ 485	\$ 1,956,684	\$ 2,018,180

The accompanying notes are an integral part of the financial statements.

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2013

Operating Activities:	
Change in net assets	\$ (151,589)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	5,339
(Increase) decrease in operating assets:	
Inventory	89,477
Prepaid Insurance	(6,262)
Unconditional promises to give	47,784
Increase (decrease) in operating liabilities:	
Accounts payable	(13)
Accrued expenses	63
	<hr/>
Net cash used in operating activities	(15,201)
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Investing Activities:	
Payments for property and equipment	(646)
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Net cash used in investing activities	(646)
	<hr/>
Net decrease in cash and cash equivalents	(15,847)
Cash and cash equivalents as of beginning of year	190,491
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Cash and cash equivalents as of end of year	<u>\$ 174,644</u>

The accompanying notes are an integral part of the financial statements.

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Northwest Louisiana Interfaith Pharmacy, Inc., (Interfaith Pharmacy), is a private nonprofit organization incorporated under the laws of the State of Louisiana. Interfaith Pharmacy is governed by a Board of Directors composed of thirteen members.

Northwest Louisiana Interfaith Pharmacy, Inc. provides necessary prescription and non-prescription medicines free of charge to the poor, elderly and others in need.

Interfaith Pharmacy's support comes primarily from private contributions, private foundation grants, and donations of medicines from various medical offices, health institutions, and pharmaceutical companies.

B. Basis of Accounting

The financial statements of Interfaith Pharmacy have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

Interfaith Pharmacy is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code. However, income from activities not directly related to Interfaith Pharmacy's tax-exempt purpose is subject to taxation as unrelated business income. Interfaith Pharmacy had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2010, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Interfaith Pharmacy considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

G. *Property and Equipment*

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

H. *Compensated Absences – Accrued Leave*

Regular full time employees of Interfaith Pharmacy may accrue up to a total of four weeks of annual leave based upon their length of service. Employees are allowed to carry over accrued annual leave to the next year at the discretion of the executive director. Regular full time employees may also accrue seven days a year for sick leave and three days a year for personal days, *but accumulated sick leave and personal days are forfeited upon separation of employment.*

I. *Restricted and Unrestricted Revenue and Support*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the *restriction expires in the reporting period in which the support is recognized.* All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

J. *Donated Services*

Donated services are recognized as contributions in accordance with Statements of Financial Accounting Standards if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Interfaith Pharmacy. Included in contributions revenue and program services – personnel in the accompanying financial statements is \$31,131 of donated services from pharmacists, pharmacists technicians, and accounting services.

K. *Donated Assets*

Donations of medicines are recorded at the estimated fair value at the date of donation. Included in contributions revenue in the accompanying financial statements is \$1,713,951 of donated medicines from various medical offices, health institutions, and pharmaceutical companies.

L. *Donated Property and Equipment*

Donations of property and equipment are recorded as contributions at their estimated fair value at date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long

(Continued)

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

those donated assets must be maintained, Interfaith Pharmacy reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Interfaith Pharmacy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

M. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

N. Inventories

Inventories consist of both purchased and donated medicines. Purchased medicines are stated at cost. Donated medicines are stated at the estimated fair value at the date of donation, based upon price lists from a pharmaceutical distributor.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Interfaith Pharmacy to concentrations of credit risk consist principally of temporary cash investments and unconditional promises to give receivable.

Interfaith Pharmacy maintains its cash balances at local financial institutions located in their service delivery area. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2013, total cash balances held at financial institutions was \$174,764. This entire amount was secured by FDIC.

Unconditional promises to give are comprised of an amount due from one donor for lease space over a three-year period.

(3) Promises to Give

During the year ended June 30, 2011, Interfaith Pharmacy entered into a lease agreement for office and pharmacy space. The lessor stipulated in the lease agreement that they would forgo the payment of rent and consider such as a donation to Interfaith Pharmacy. The lease agreement is for a term of three years. Rent to be provided in subsequent years is recorded in the accompanying financial statements as an unconditional promise to give. The promise to give is deemed to be collectible, so no provision has been made for uncollectible promises to give as of June 30, 2013.

Unconditional promises to give at June 30, 2013, were as follows:

	<u>2013</u>
Receivable in less than one year	<u>\$ 27,874</u>
Total unconditional promises to give	<u>\$ 27,874</u>

(Continued)

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 2013:

	Estimated Depreciable Life	2013
Leasehold improvements	5 years	\$ 14,401
Furniture and equipment	5 years	<u>22,267</u>
		36,668
Accumulated depreciation		<u>(13,495)</u>
Net fixed assets		<u>\$ 23,173</u>

Depreciation expense for the year ended June 30, 2013 was \$5,339.

(5) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2013:

	2013
Accrued payroll	\$ 3,321
Payroll taxes payable	<u>2,018</u>
	<u>\$ 5,339</u>

(6) Employee Benefit Plans

Interfaith Pharmacy has a Simple Individual Retirement Account plan. The plan is intended to qualify under Section 403(b) of the internal revenue code. All employees of Interfaith Pharmacy are eligible to participate. Interfaith Pharmacy matches participant contributions up to \$1,500 per year. Total expense recognized by Interfaith Pharmacy under this plan for the year ended June 30, 2013 was \$1,685.

(7) Temporarily Restricted Net Assets

The temporarily restricted net assets at June 30, 2013, consist of donations received for specific purposes defined by the donor of which the restrictions were not met as of that date. At June 30, 2013, a total of \$64,721 was restricted for the following:

	2013
Purchase of pharmaceuticals	\$ 16,201
Program expenses	5,401
Subsequent years' activities – use of facilities	27,874
Leasehold improvements and equipment	<u>15,245</u>
	<u>\$ 64,721</u>

(8) Concentration of Revenue

Approximately 92% of the total revenue for the year ended June 30, 2013, was derived from the donations of pharmaceuticals from various medical offices, health institutions, and pharmaceutical companies.

(9) Subsequent Events

Subsequent events have been evaluated through January 3, 2014, the date the financial statements were available to be issued.

Northwest Louisiana Interfaith Pharmacy, Inc.
Shreveport, Louisiana
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor
June 30, 2013

Summary Schedule of Prior Findings

There were no significant deficiencies, findings, or management letter comments for the prior year ended June 30, 2012.

Corrective Action Plan for Current Year Audit Findings

There are no significant deficiencies, findings, or management letter comments for the current year audit for the year ended June 30, 2013.